

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	4B
Date of Meeting	October 3, 2017

DATE: September 22, 2017

TO: Managing Members

FROM: John Wolfe, CEO
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Project Manager: Tom Bellerud, Director, Business Development

SUBJECT: West Sitcum Terminal Lease

A. ACTION REQUESTED

Authorize The Northwest Seaport Alliance (NWSA) CEO or his delegate to sign a 10-year Term Lease Agreement with Stevedoring Services of America Terminals (SSAT) for the West Sitcum Terminal in Tacoma, Washington.

B. BACKGROUND

- APM Terminals (APMT) and its predecessors have provided terminal operations services at the West Sitcum Terminal since 1985.
- Earlier this year, Matson advised they are terminating their Terminal Services Agreement with APMT effective 12/31/2017.
- APMT subsequently gave the NWSA notice of an earlier lease termination effective 09/30/2017.
- SSAT intends to assume Matson stevedoring operations at the West Sitcum Terminal effective 10/01/2017.
- Matson has two weekly services to and from Alaska, serving three ports in that critically important market.
- NWSA and SSAT have negotiated a new 10-year lease (see Term Sheet).

C. FINANCIAL IMPLICATIONS / ECONOMIC IMPACT

- This lease exceeds the Managing Member's designated internal rate of return. Operating cash flow is positive in each year of the lease and the payback period is estimated to be four (4) years.
- Jobs to be retained: West Sitcum Terminal and Matson's operations together support in excess of 200 jobs.

D. ENVIRONMENTAL IMPACTS / REVIEW

Stormwater: The Industrial Stormwater General Permit (ISGP) permit will be held by the NWSA from 10/01/2017 until the construction of the West Sitcum Terminal stormwater treatment system is complete and the system has successfully passed 20 sampling events (anticipated timeframe is mid-2019). SSAT will hold the ISGP from system transfer through contract expiration. NWSA will be responsible for stormwater permit related activities from 10/01/2017 until the system and ISGP are assumed by SSAT, at which time, SSAT will become ISGP holder.

E. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation
- Lease Draft Term Sheet
- Lease Exhibit A Premises
- Lease Exhibit D Maintenance Matrix

F. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>
September 5, 2017	Exec Session Briefing